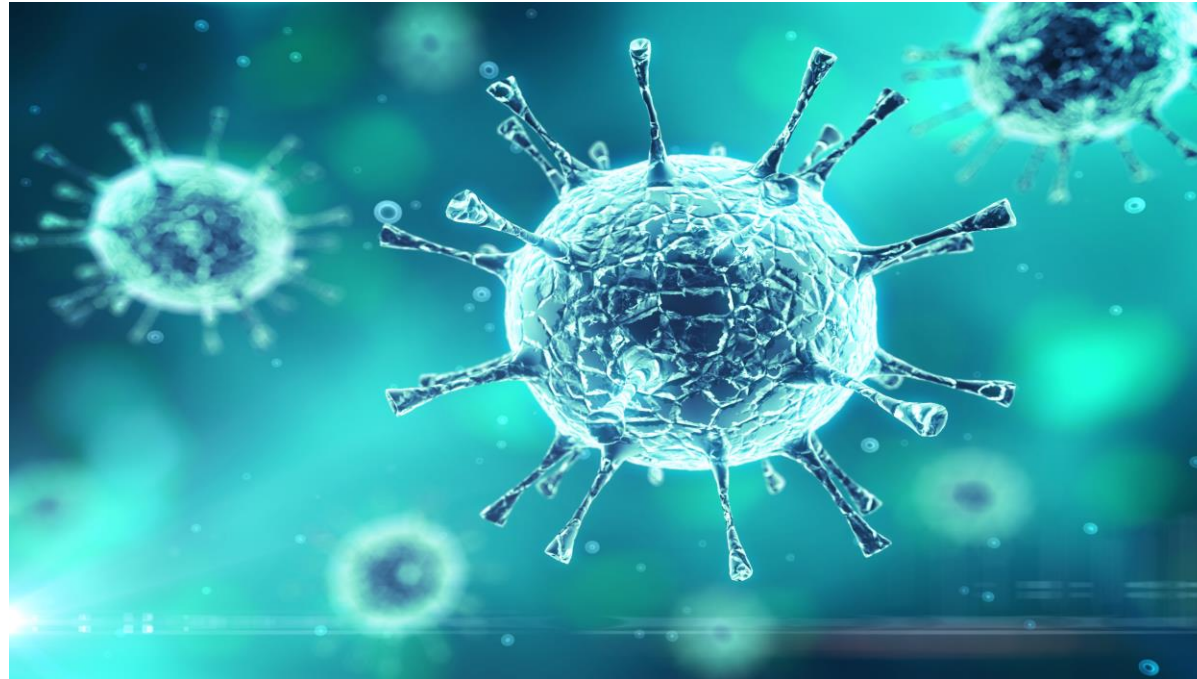




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STRATEGY | M&A | TRANSFORMATION



# Surfing the Tsunami | How Private Equity responds to the economic impact of Covid-19

29 APRIL 2020

# Agenda

**01** PE deals announced in Jan-Apr 2020

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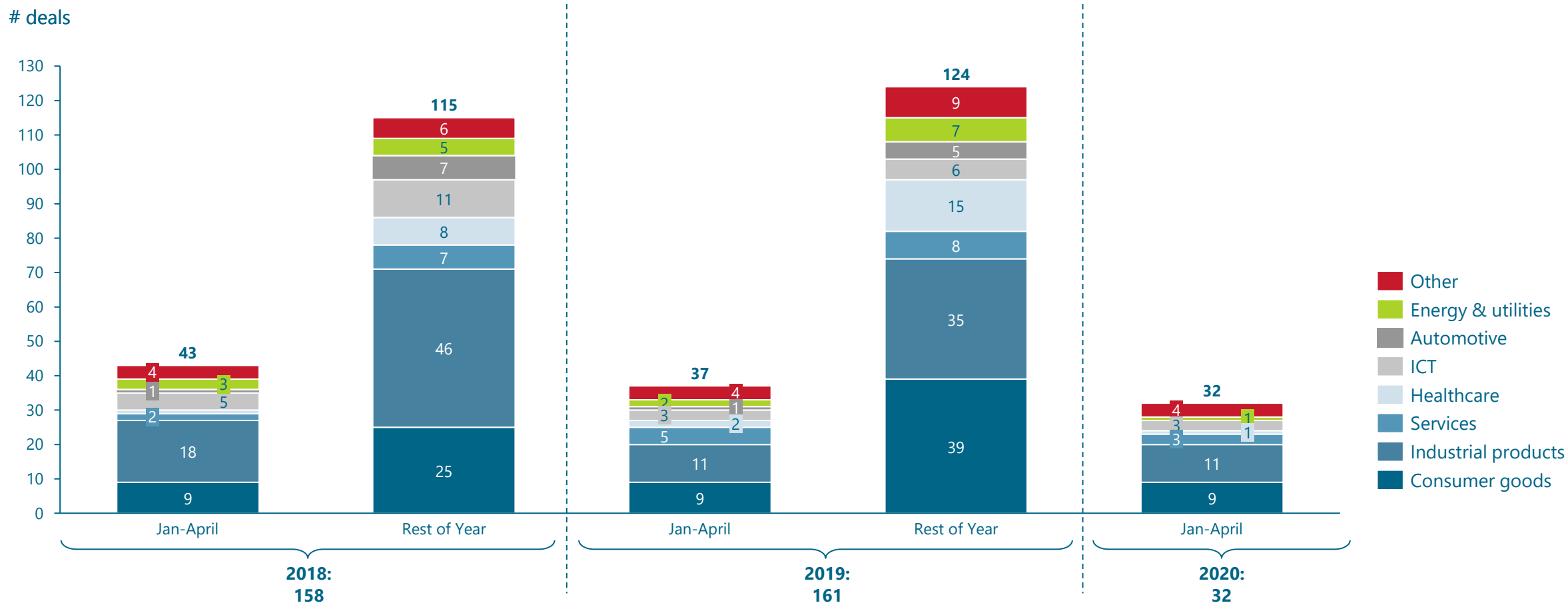
02 Private Equity and to the economic impact of Covid-19

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# Private Equity | Deals by industry - Italy

161 deals have been executed during 2019 in line with 2018; the first four months of 2020 showed a decrease of c.15% and c. 25% in deals volume compared to 2019 and 2018 respectively

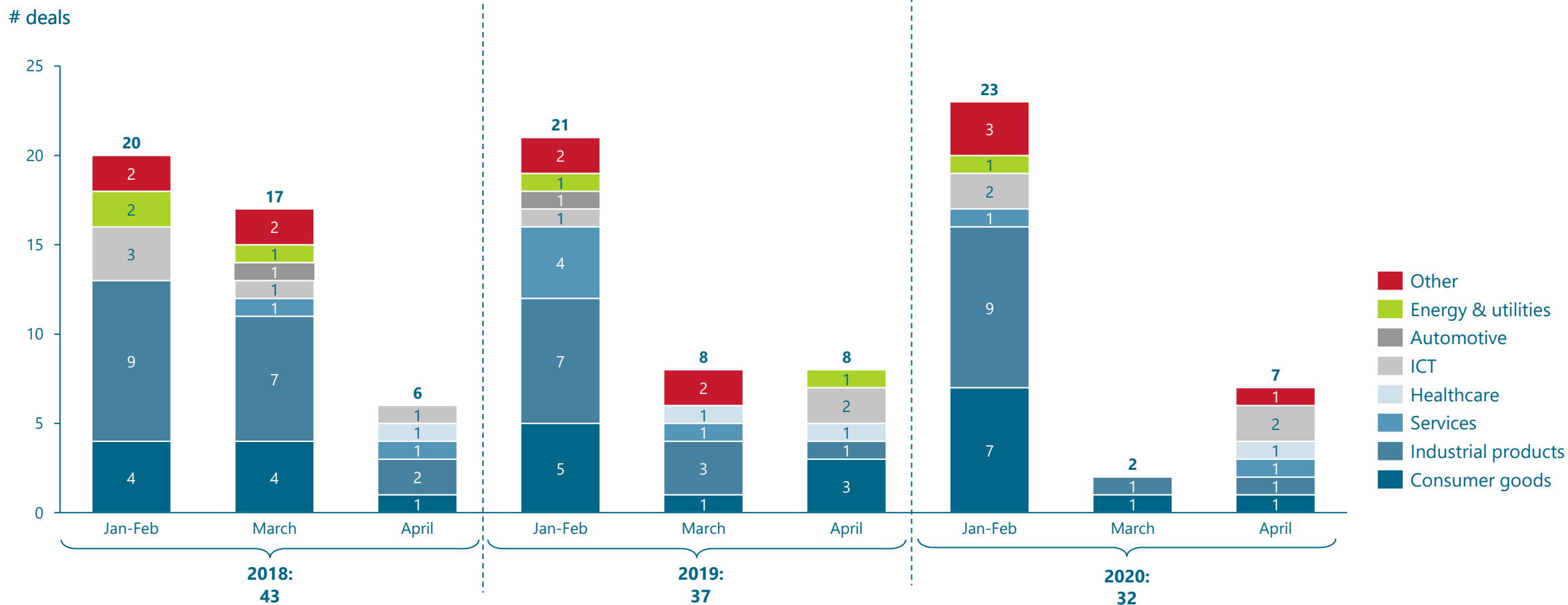
NUMBER OF PRIVATE EQUITY DEALS IN ITALY BY INDUSTRY (JAN 2018 – APR 2020)



# Private Equity | Deals by industry - Italy (2/2)

The first four months of 2020 showed a contraction in deal volume mainly concentrated in March

NUMBER OF PRIVATE EQUITY DEALS IN ITALY BY INDUSTRY (JAN-APRIL 2018-2020)



# Agenda

01 PE deals announced in Jan-Apr 2020

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**02 Private Equity and to the economic impact of Covid-19**

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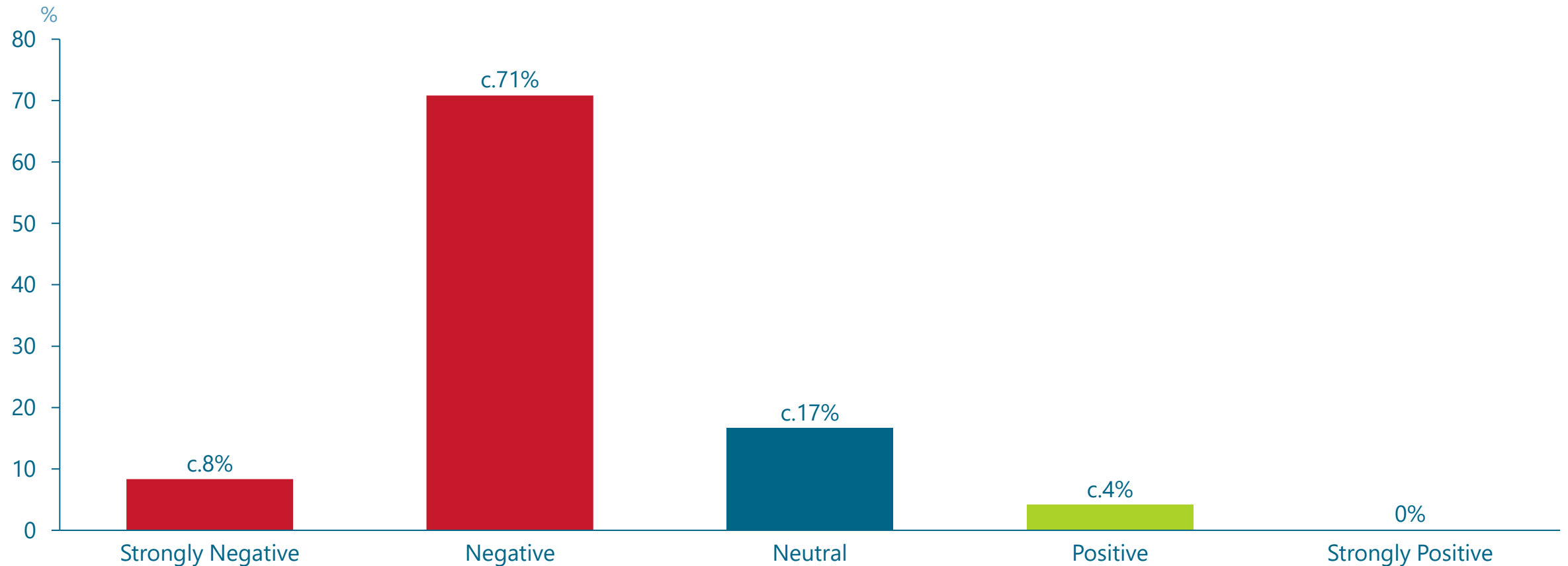
# Key highlights

- Almost 80% of respondents experienced a negative impact of the Covid-19 on their portfolio companies whereas only 4% are the ones which had an economic benefit from it
- Between 40% and 56% of the portfolio companies has been negatively impacted by Covid-19
- The industries most affected by the Covid-19 are the automotive, fashion & luxury and the non-food retail
- The industries with the highest resiliency are lifesciences, packaging and food & beverages and TMT/ICT
- Key priorities are short term challenges as cash management, additional liquidity as well as assure safe working conditions and minimize supply chain disruption. Notably, longer term strategic initiatives such as digital transformation, business model re-shaping and strategic road map definition are also perceived as relevant
- 20% of PE funds have de facto frozen the investment activities and origination but more than 50% will actively continue to deploy dry powder
- Uncertainty and perceived risks represent the key issue for new investments right now
- In the next months TMT/ICT, lifesciences, business services, food & beverages, packaging and industrial goods and machinery will attract new investments
- Q2 will see a sharp slowdown of the exit processes and 50% of the planned exit decisions will be postponed in 2021
- PE funds' managers expect a decrease of multiples and companies valuations in the coming months

# Surfing the Tsunami survey | Impact on portfolio companies

Almost 80% of respondents experienced a negative impact of the Covid-19 on their portfolio companies whereas only 4% are the ones which had an economic benefit from it

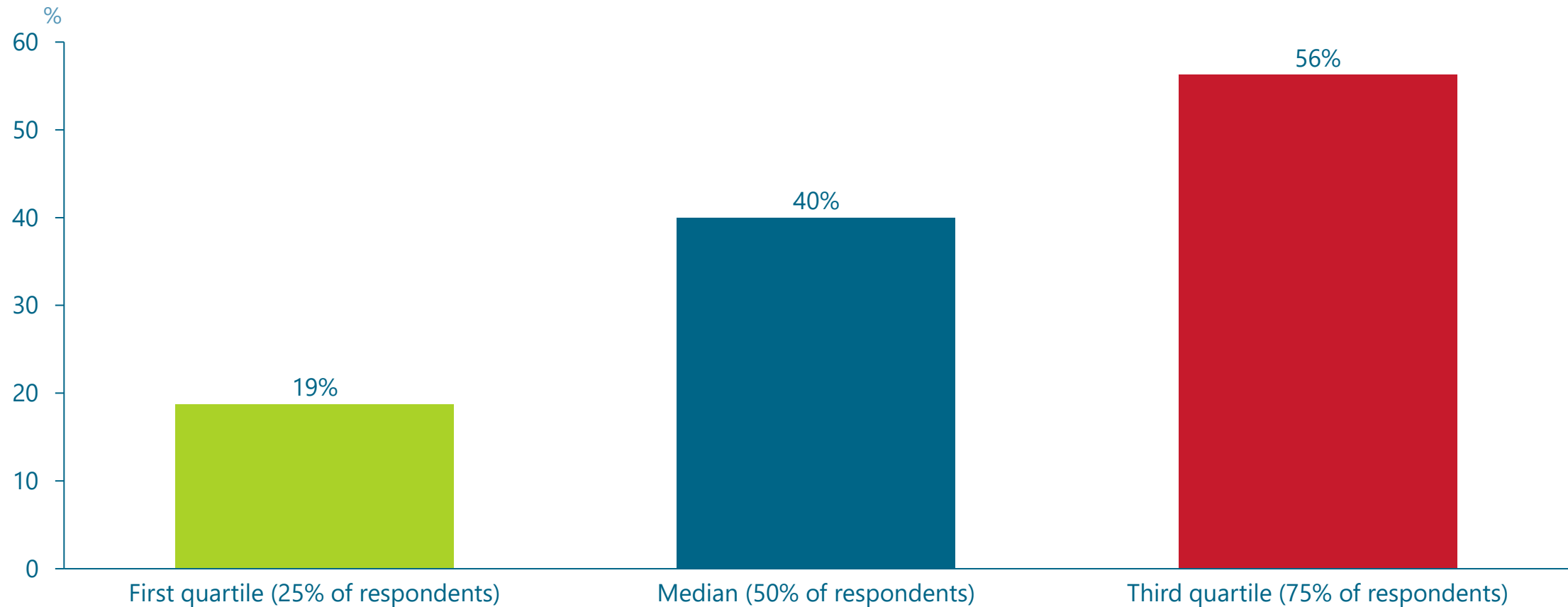
## Q1: OVERALL, WHICH HAS BEEN THE ECONOMIC IMPACT OF THE COVID-19 ON YOUR PORTFOLIO COMPANIES?



# Surfing the Tsunami survey | Share of portfolio companies affected

Between 40% and 56% of the portfolio companies has been negatively impacted by Covid-19

**Q2: HOW MANY OF YOUR PORTFOLIO COMPANIES HAVE BEEN IMPACTED NEGATIVELY OR STRONGLY NEGATIVE BY THE PANDEMIC (% OUT OF YOUR TOTAL PORTFOLIO COMPANIES)?**

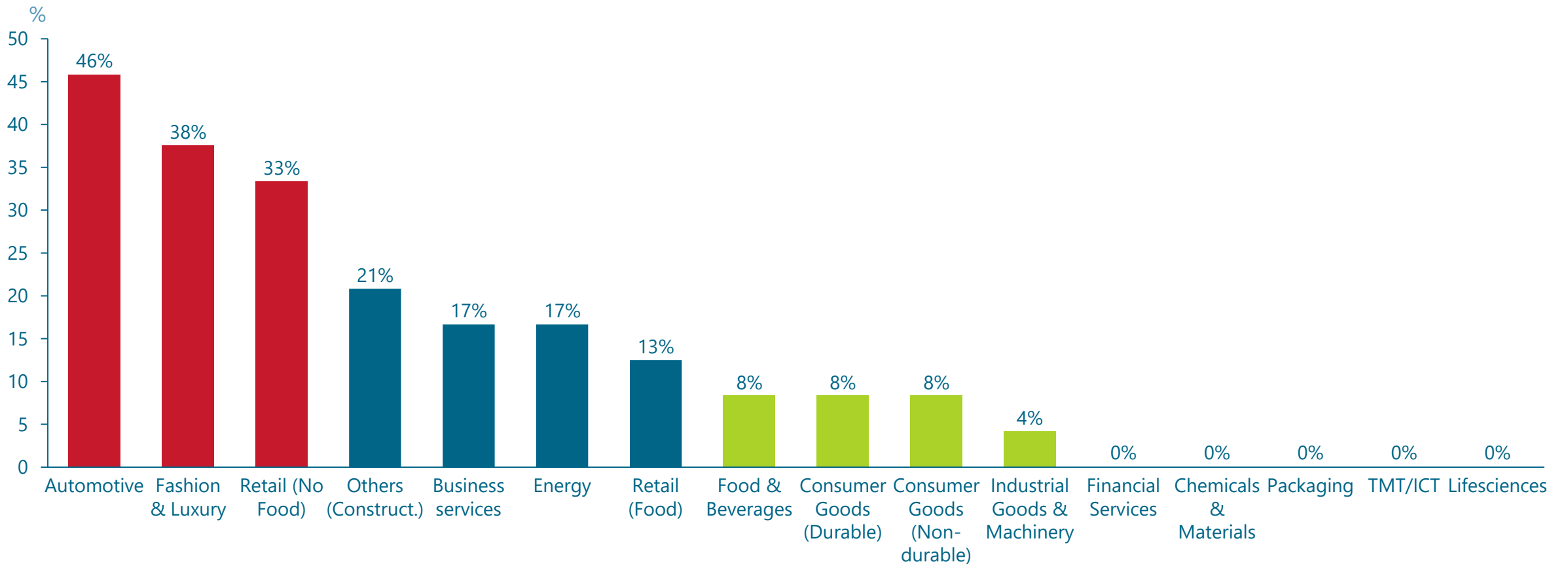




# Surfing the Tsunami survey | Most impacted industries

The industries most affected by the Covid-19 are the automotive, fashion & luxury and the non-food retail

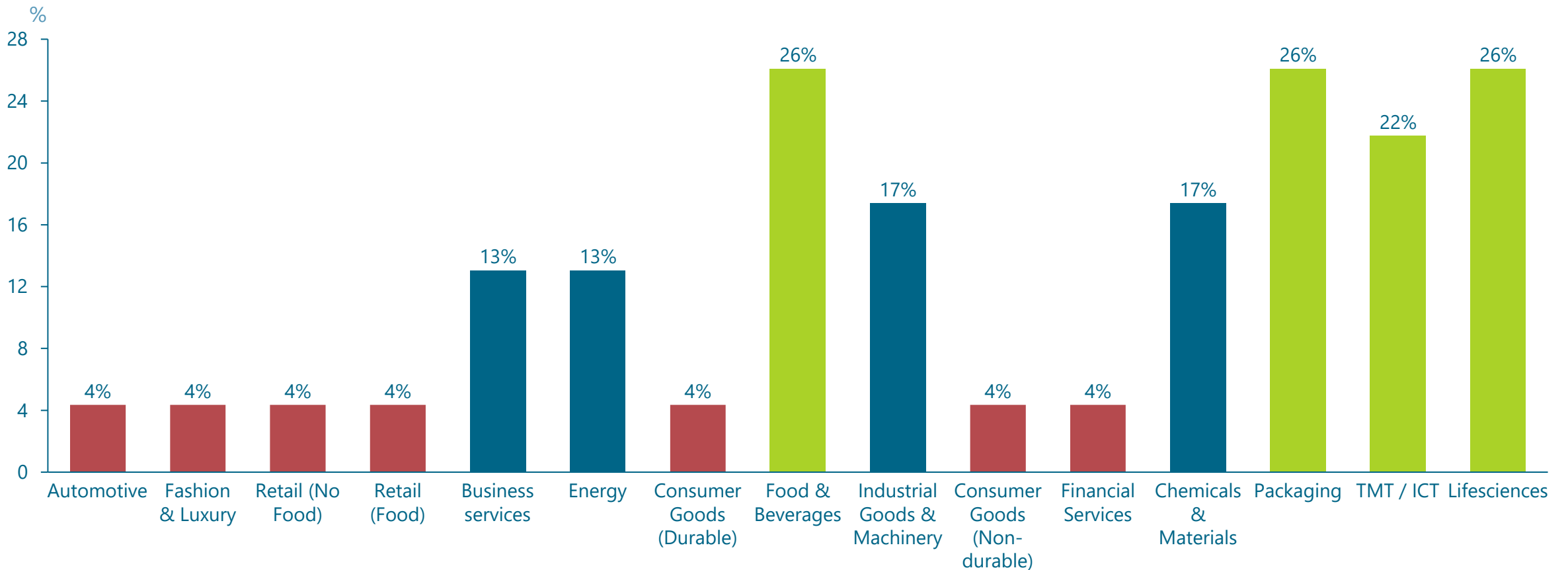
## Q3: WITHIN YOUR PORTFOLIO COMPANIES, WHICH ARE THE SECTORS MOST IMPACTED BY THE PANDEMIC?



# Surfing the Tsunami survey | Most resilient industries

The industries with the highest resiliency are lifesciences, packaging and food & beverages and TMT/ICT

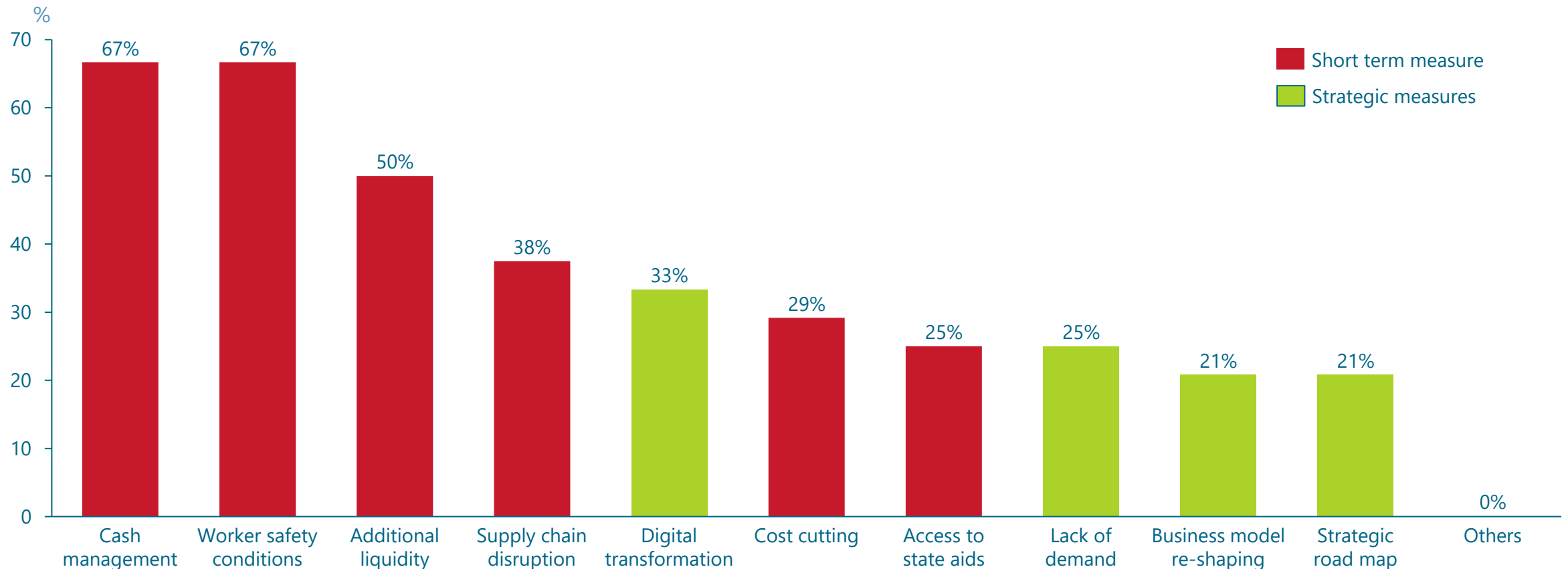
## Q4: WITHIN YOUR PORTFOLIO COMPANIES, WHICH ARE THE MOST RESILIENT SECTORS?



# Surfing the Tsunami survey | Priorities to be addressed

Key priorities are short term challenges as cash management, additional liquidity as well as assure safe working conditions and minimize supply chain disruption. Notably, longer term strategic initiatives such as digital transformation, business model re-shaping and strategic road map definition are also perceived as relevant

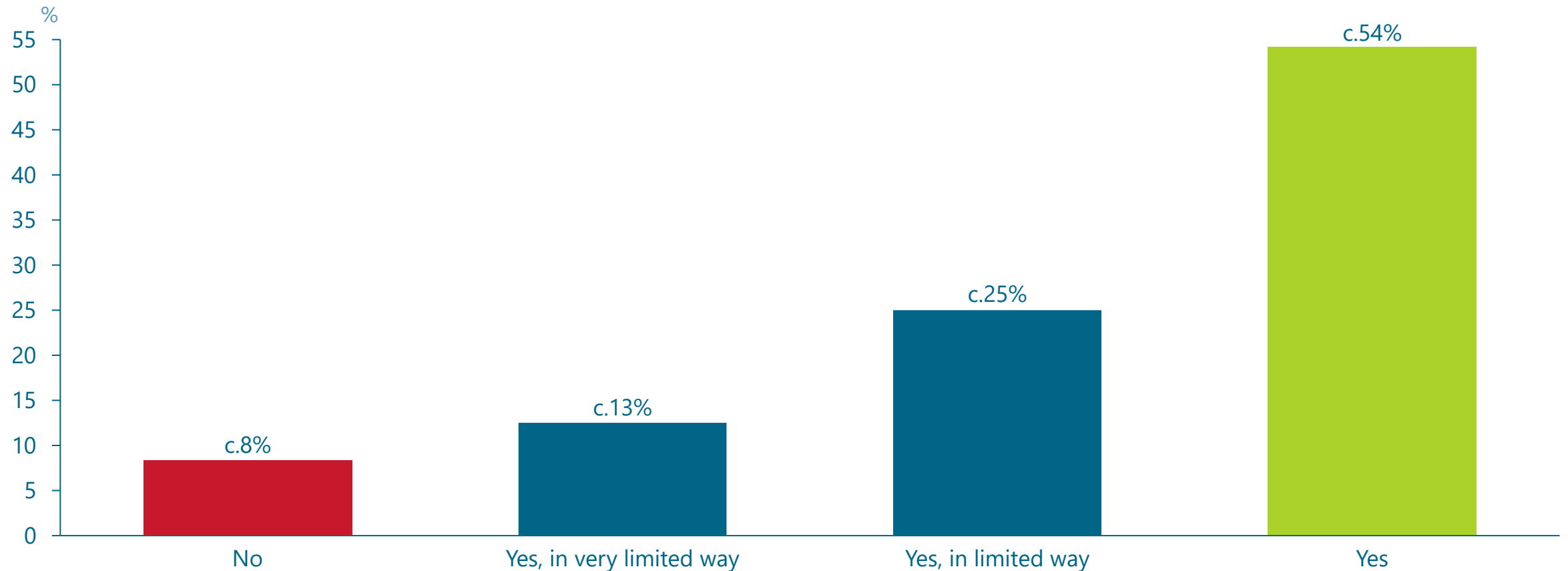
## Q5: OVERALL, WHICH ARE YOUR PRIORITIES TO ADDRESS?



# Surfing the Tsunami survey | Investment continuity

20% of PE funds have de facto frozen the investment activities and origination but more than 50% will actively continue to deploy dry powder

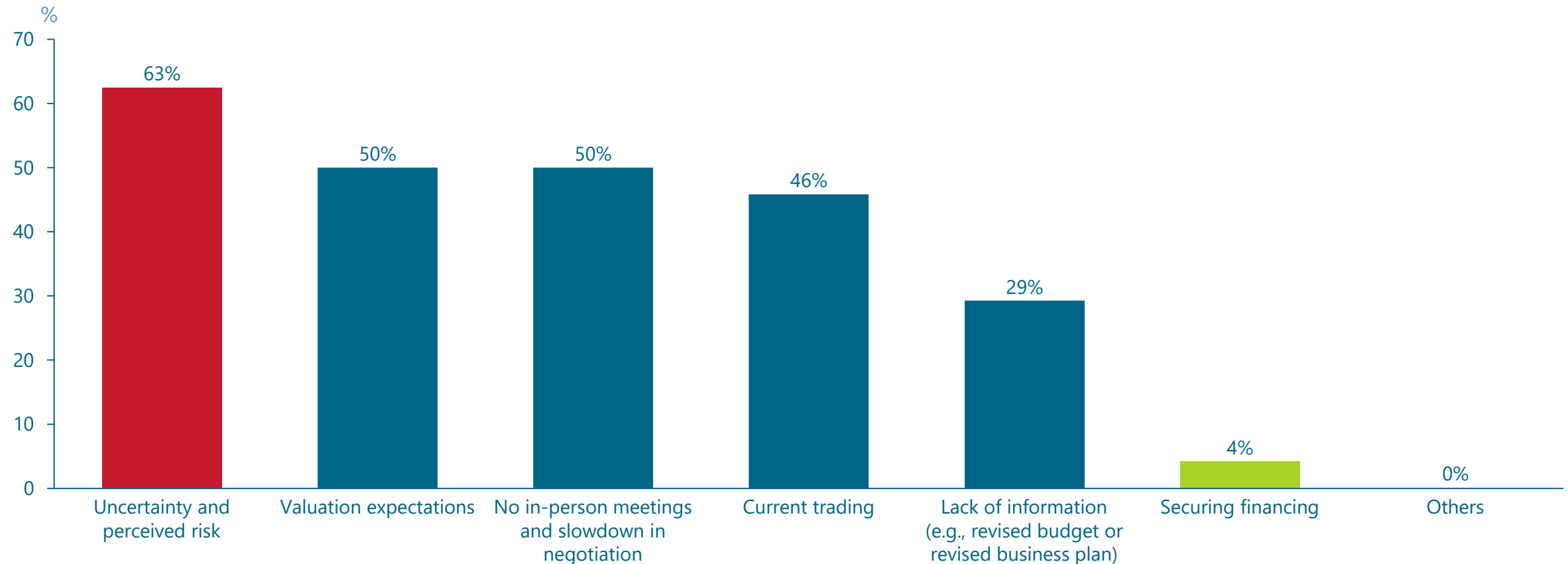
## Q6: ARE YOU ACTIVELY STILL PURSUING INVESTMENT OPPORTUNITIES?



# Surfing the Tsunami survey | Key challenges for new investments

Uncertainty and perceived risks represent the key issue for new investments right now

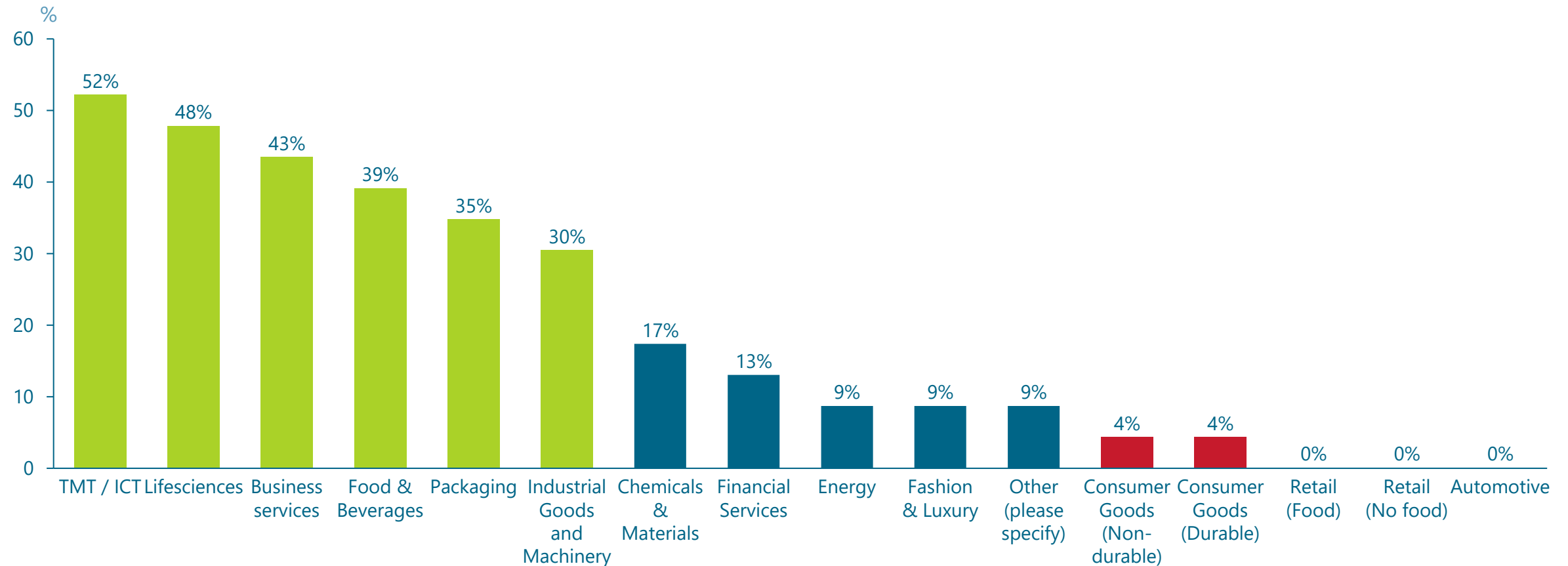
## Q7: IF YES, WHICH ARE THE DIFFICULTIES YOU ARE EXPERIENCING WITH YOUR COUNTERPARTS?



# Surfing the Tsunami survey | Most attractive industries to invest in

In the next months TMT/ICT, lifesciences, business services, food & beverages, packaging and industrial goods and machinery will attract new investments

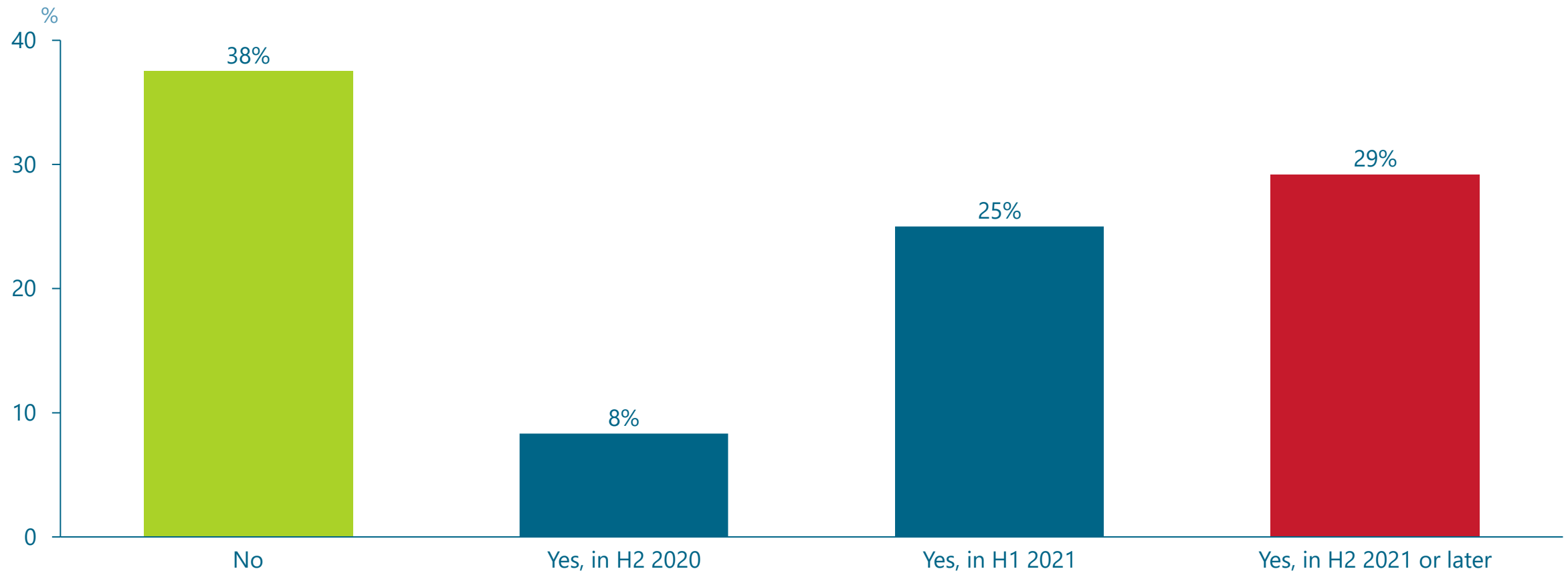
## Q8: IF YES, WHICH ARE THE MOST ATTRACTIVE SECTORS YOU WILL CONSIDER FOR NEW INVESTMENT OPPORTUNITIES?



# Surfing the Tsunami survey | Changes in planned exit decisions

Q2 will see a sharp slowdown of the exit processes and 50% of the planned exit decisions will be postponed in 2021

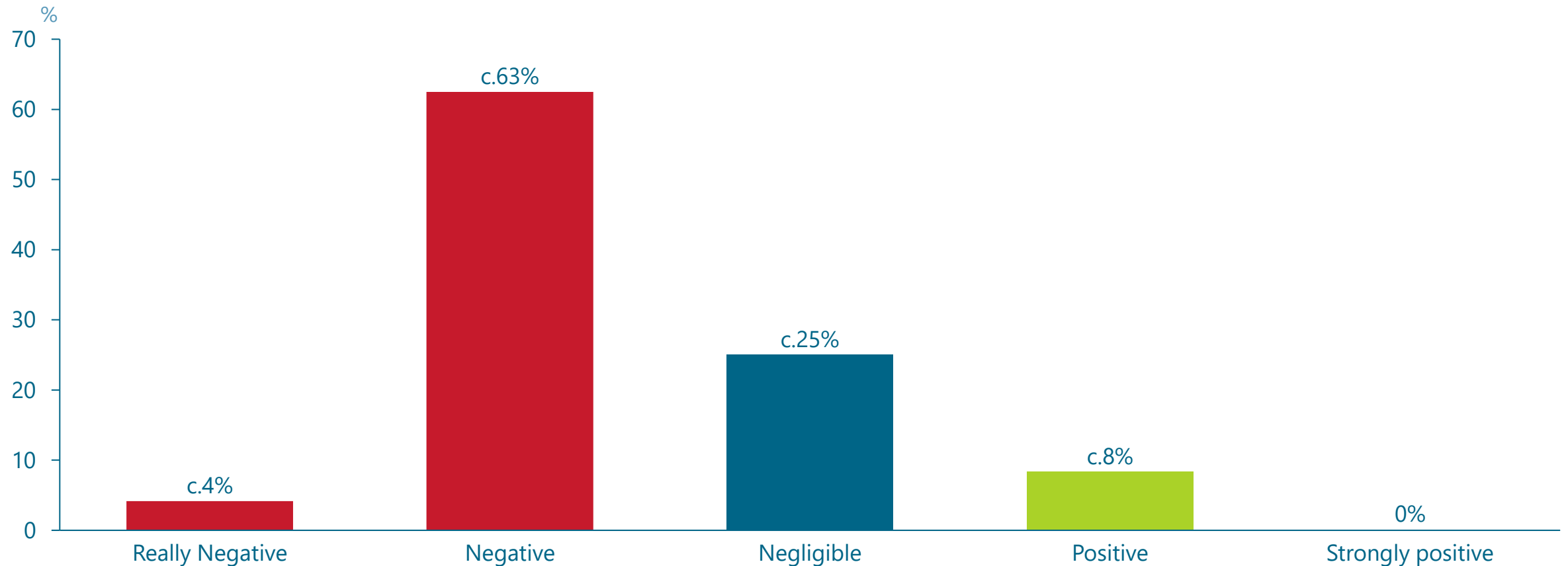
## Q9: CONSIDERING YOUR PRE-COVID-19 EXIT PLAN, ARE YOU PLANNING TO POSTPONE IT?



# Surfing the Tsunami survey | Impacts on companies' valuation

PE funds' managers expect a decrease of multiples and companies valuations in the coming months

## Q10: OVERALL, WHAT COULD THE IMPACT BE ON COMPANIES' VALUATION GOING FORWARD COMPARED WITH THE PRE-COVID-19 SITUATION?





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